

Statement for the Record

On Behalf of

Americans for Financial Reform

to the

**House Committee on Financial Services
Financial Institutions Subcommittee**

“A New Era for the CFPB: Balancing Power and Reprioritizing Consumer Protections”

March 26, 2025

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Americans for Financial Reform (AFR) appreciates the opportunity to provide a Statement for the Record for the House Financial Services Committee, Financial Institutions Subcommittee on “A New Era for the CFPB: Balancing Power and Reprioritizing Consumer Protections.” AFR is a nonpartisan and nonprofit coalition of more than 200 civil rights, consumer, labor, business, investor, faith-based, and civic and community groups. Formed in the wake of the 2008 crisis, AFR continues to work towards a strong, stable, and ethical financial system. We are committed to eliminating the inequity and systemic racism in the financial system and fighting for a just and sustainable economy.

The U.S. banking regulators failure to appropriately oversee the consumer financial marketplace and protect consumers from predatory mortgages was a central cause of the financial crisis that devastated the U.S. and global economies, that led to 16 million foreclosures, the elimination of \$17 trillion of U.S. household wealth, and cost millions of their jobs that suppressed their earnings for years.¹ Congress created the Consumer Financial Protection Bureau (CFPB) to prevent another financial crisis, and for the past 14 years, the CFPB has diligently served everyday people, held financial firms accountable when they engaged in unfair, deceptive, abusive, and illegal misconduct, cracked down on junk fees, and protected people from fraudulent practices and financial rip-offs. The Bureau has obtained \$21 billion in relief for over 200 million people through restitution or cancelled debts² as well as saving families tens of billions of dollars more through its supervisory and enforcement actions. As the primary agency charged with enforcing the Military Lending Act, the CFPB also returned \$363 million to servicemembers and veterans through 39 enforcement actions (including 6 Military Lending Act violations).³

Recently, the CFPB finalized rules that will save people billions of dollars in junk fees, keep people safe from fraud and scams on digital payment apps, provide immediate relief to 15 million people from unjustly lowered credit scores due to medical debt and millions more for year to come, make sure people have equitable access to credit free from discrimination, and make it easier for people to switch financial service providers. Any legislative actions to undo these rules through Congressional Review Act (CRA) resolutions of disapproval not only strips necessary and critical protections from everyday people that could create regulatory blind spots that let bad actors impose junk fees, deceive, or unfairly disadvantage their customers.

¹ ATTOM. [Press release]. “[U.S. foreclosure activity increases from 2022 but still below pre-pandemic levels.](#)” January 11, 2024. There were 16.6 million foreclosures between 2007 and 2015 before foreclosures dropped below 1 million a year; Emmons, William R. and Bryan J. Noeth. Federal Reserve Bank of St. Louis. “[Household financial stability: Who suffered most from the crisis.](#)” July 1, 2012; Greenstone, Michael et al. Brookings Institution. “[Unemployment and Earnings Losses: A Look at Long-Term Impacts of the Great Recession on American Workers.](#)” November 4, 2011.

² Consumer Financial Protection Bureau (CFPB). [About the Bureau.](#) Accessed December 6, 2024.

³ *Ibid.*

A strong and independent CFPB that continues to meaningfully enforce consumer protections and fair lending laws keeps the financial marketplace fair, transparent, and stable and these factors foster consumer confidence and a more competitive marketplace. Industry stakeholders, servicemember and veterans' organizations, consumer advocacy groups, and the public all agree that Congress and the administration must not undermine the independence, weaken the structure, roll back the rules, or defund the CFPB. The Bureau was intentionally designed to function independently, led by an independent director, and with a secure funding stream to insulate the agency from political and economic pressures so that it can rigorously pursue its mission to protect the public.

This past May, the Supreme Court resoundingly reaffirmed the constitutionality of the Bureau's funding mechanism in *CFPB v. Community Financial Services Association*.⁴ More recently, two Texas courts in separate cases reiterated the legitimacy of the agency's funding mechanism.⁵ In an amicus brief supporting the CFPB, the Mortgage Bankers Association, the National Association of Homebuilders, and the National Association of Realtors agreed, "virtually all financial transactions for residential real estate in the United States depend upon compliance with the CFPB's rules, and consumers rely on the rights and protections provided by those rules. Importantly, the industry has invested billions of dollars into structuring its operations for compliance with the CFPB's regulations and other guidance." Any disruption to this "could set off a wave of challenges and the housing market could descend into chaos, to the detriment of all mortgage borrowers."⁶

More than a dozen organizations representing millions of servicemembers and veterans noted in their amicus brief that "[t]he CFPB thus plays a critical and unique role in promoting the financial wellbeing of America's 16.5 million veterans, over 2 million servicemembers, and their families. Congress gave CFPB enforcement authority over the Military Lending Act and other consequential laws and regulations. At a pragmatic level, the national scope of the CFPB's work is critical, since servicemembers live and are deployed across the country and overseas. At an individual level, amici and their members have seen firsthand how the CFPB combats products and services that target, exploit, and harm the military community. Amici do not typically weigh in on Supreme Court cases, but the practical impact... is simply too consequential to ignore. Namely, if the Fifth Circuit's ruling stands, it would imperil not only enforcement of the Military Lending Act—which provides vital protections for servicemembers and their families—but also halt the enforcement of many other consumer laws and regulations that protect servicemembers, veterans, and their families."⁷

Earlier this month, Ballard Spahr attorney Alan Kaplinsky, who represents banking and financial institutions noted, "there are a lot of folks in the industry that say, we don't want the CFPB to go away...it will create utter chaos...there are a lot of regulations the industry has gotten used to and they don't want to see drastic change, so they are worried to see what happens if the CFPB is shuttered."⁸

⁴ *Consumer Fin. Prot. Bureau v. Cmty. Fin. Servs. Ass'n of Am., Ltd.*, 601 U.S. 416, 416, 144 S. Ct. 1474, 1475, 218 L. Ed. 2d 455 (2024).

⁵ See *Texas v. Colony Ridge, Inc.*, No. CV H-24-0941, 2024 WL 4553111, at *4 (S.D. Tex. Oct. 11, 2024) and *Consumer Fin. Prot. Bureau v. Active Network, LLC*, No. 4:22-CV-00898, 2024 WL 4437639, at *1 (E.D. Tex. Oct. 7, 2024).

⁶ [Brief](#) of Mortgage Bankers Association et al. as Amicus Curiae in Support of Petitioners, *CFPB v. Community Financial Services Association*, No. 22-448 (U.S. May 15, 2023).

⁷ [Brief](#) of military and veterans' organizations, as Amicus Curiae in Support of Petitioners, *CFPB v. Community Financial Services Association*, No. 22-448 (U.S. May 15, 2023).

⁸ Kaplinsky, Alan. Ballard Spahr. [Podcast]. "[Prof. Hal Scott Doubles Down on His Argument That CFPB is Unlawfully Funded Because of Combined Losses at Federal Reserve Banks.](#)" March 13, 2025 at 51:55.

Indeed, Independent Community Bankers of America (ICBA) President and CEO Rebeca Romero Rainey recently issued a statement opposing the consolidation of the nation’s banking regulators, noting, “[w]hile Wall Street bank executives and others have called for consolidating the nation’s banking regulators, ICBA and community bankers have long supported the independence of the federal banking agencies and our nation’s dual banking system. Federal banking regulators should be objective, nonpartisan, and protected from political influence, which is essential to promoting a safe and sound banking system, consumer confidence, and a strong national economy. Wall Street calls for consolidating the agencies undermine consumer confidence in the financial system.”⁹ The National Alliance of Trade Associations, a trade group representing small businesses associations in 11 states, urged Director Vought, “...to support the CFPB and its work so that the nation’s largest banks do not have free rein to abuse our small business members across the nation.”¹⁰

Despite strong public support for the CFPB and its consumer protection mission, the Trump administration and Acting Director Vought, working with Elon Musk and the Department of Government Efficiency (DOGE), have aggressively pursued efforts to undermine and stop the Bureau’s work. Hundreds of CFPB staff were illegally fired and the rest were ordered to stop working. Ten enforcement actions have already been dropped “with prejudice,” effectively terminating the CFPB’s ability to seek justice and restitution forever and anointing corporate wrongdoers with what amounts to a pardon.¹¹ These actions send a signal to Wall Street banks, predatory lenders, Big Tech, and a slew of shady businesses, that it’s fine to cheat, rip off, bully, and generally make life more expensive and difficult for families across the country with no accountability and no consequences for misconduct.

Congress must not further weaken the CFPB’s ability to protect everyday people and maintain a stable, fair, and transparent financial marketplace. Stripping away the protective guardrails that were intentionally designed to reduce the likelihood and severity of another 2008 financial crisis will set this country up for another economic disaster. Furthermore, Congress must actively protect the CFPB rules that have been finalized, including voting against any legislation that would undo the CFPB’s overdraft fees rule, medical debt rule, larger participant (Big Tech payment app oversight) rule, and any and all legislation that would weaken the CFPB’s underlying statutory authority to enforce consumer protection and fair lending laws. Instead of siding with predatory lenders and Wall Street banks, members of this Committee must side with everyday people and vote to keep them safe from fraud, junk fees, and the unjust impacts of medical debt on credit reports.

Congress should maintain the CFPB’s stable and constitutional funding stream: The CFPB, like most federal financial regulators, was given a stable funding stream to ensure the rules of the road that govern large segments of our financial architecture and our economy are consistently supervised and comply with statutory requirements. When Congress created the CFPB in the wake of the 2008 financial crisis, it transferred many of the powers from the prudential regulators such as the Federal Reserve, the Office of the Comptroller of the Currency (OCC), and the Federal Deposit Insurance Corporation (FDIC) to the Bureau and thus wanted it to retain a similar funding stream as

⁹ Independent Community Bankers of America. [Press release]. “[ICBA Statement Opposing Consolidation of the Nation’s Banking Regulators](#).” February 26, 2025.

¹⁰ Dosani, Yousef. National Alliance of Trade Associations. Letter to Russell Vought, Director, Office of Management and Budget. Acting Director, Consumer Financial Protection Bureau. February 10, 2025. On file with Americans for Financial Reform Education Fund.

¹¹ Laurel Wamsley. “[The CFPB drops its lawsuit against Capital One, marking a major reversal](#).” National Public Radio. February 27, 2025.

its sister agencies. Like the other bank regulatory agencies, the CFPB is currently funded in a way that ensures that it has consistent funding to engage in regular oversight of Wall Street and the other financial sectors it regulates—including payday and other high-cost lenders, as well as debt collectors and credit bureaus. The noticed Taking Account of Bureaucrat’s Spending Act of 2025 (H.R. 654) introduced by Rep. Andy Barr (Ky.) would subject the CFPB entirely to the annual appropriations process. Congress has not passed all of its annual appropriations bills before the start of the fiscal year since 1997.¹² Shifting the CFPB’s funding from a dedicated Federal Reserve transfer would leave the CFPB vulnerable to congressional shutdowns, budget paralysis, deregulatory appropriations riders, and constant threats to the funding it needs, unlike its partner bank regulators the Federal Reserve, the OCC, and the FDIC. This would treat consumer financial protection as a less important mission. Subjugating CFPB funding to the deeply flawed annual appropriations process would give Wall Street and the worst members of the financial industry endless lobbying opportunities to deny the CFPB stable funding to protect financial customers.

Congress should oppose efforts to undermine the CFPB structure: The financial industry has attacked the CFPB’s single director structure since before the Bureau was established in 2011. This single director structure is a large part of the CFPB’s success at fulfilling its public interest mission without bowing to special interest pressures or revolving door insiders. A single director can be held responsible and accountable for the Bureau’s actions, good or bad. The much larger Office of the Comptroller of the Currency (OCC) has been led by a single director since it was established in 1863. The Federal Housing Finance Agency and the Social Security Administration are also headed by single directors. But a commission diffuses responsibility and accountability that makes it easier for industry lobbying to successfully hold sway over agency decisionmaking. This is why Wall Street, Big Tech, and other financial interests and congressional critics of the CFPB favor a commission structure for the CFPB. The noticed draft Consumer Protection Commission Act proffered by Rep. Bill Huizenga (Mich.) would establish a five-member bipartisan commission with at least two commissioners selected for their financial industry experience that would subject the agency to regulatory capture, gridlock, and inertia, and effectively prevent the Bureau from actually protecting consumers.

Multi-member commissions and boards often fall into patterns of gridlock, inactivity, and a chronic unwillingness to challenge the industries they are charged with supervising. It is five times harder to appoint and confirm multi-member commissions and deadlocked politics can mean that many multi-member commissions can have prolonged periods with vacancies that further compromise or preclude oversight and enforcement. Multi-member commissions, even with strong chairs, tend to have difficulty setting regulatory agendas and deciding upon enforcement priorities, which rewards the industries under their jurisdiction with lighter oversight and limited enforcement. The regulators at the multi-member Federal Reserve and the Securities and Exchange Commission, did little or nothing to combat the reckless banking, lending, and trading practices that fueled the 2008 financial crisis.

Congress should not dilute or weaken the consumer protection mission of the CFPB:

Congress established the CFPB to create a single accountable agency to enforce consumer protection laws. Prior to the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act,

¹² McClanahan, Kate P. et al. Congressional Research Service. “[Continuing Resolutions: Overview of Components and Practices.](#)” April 19, 2019.

consumer complaints and regulatory oversight was housed at different banking regulators and consumers and state regulators struggled to get the banking regulators to address legitimate complaints about violations of consumer protection law. For example, federal banking regulators received about 2,000 credit card complaints annually but the Office of the Comptroller of the Currency (OCC) made only a single informal enforcement action against credit card issuers between 1999 and 2008.¹³ In 2007, Consumer Reports testified that the byzantine maze of federal regulatory hurdles prevented consumers from getting meaningful resolution of credit card complaints that effectively let likely violators of consumer protection laws off the hook.¹⁴ A 2006 Government Accountability Office study found that although the OCC received the most complaints and that two-fifths were about credit cards, the consumer complaint process was viewed by state regulators and consumer advocates as biased in favor of banks and rarely led to enforcement actions.¹⁵

Several of the pieces of legislation noticed for today's hearing corrode the CFPB's mission which would make it harder to robustly enforce consumer protection and civil rights laws and make it more difficult for consumers to seek and achieve redress for unlawful, unfair, or deceptive practices by financial firms. The CFPB Dual Mandate and Economic Analysis Act (H.R. 2183) introduced by Rep. Tom Emmer (Minn.) would devolve the CFPB mission to include "strengthening private sector participation in markets, without government interference or subsidies, to increase competition and enhance consumer choice." The TABS Act (H.R. 654) would rename the CFPB the Consumer Financial Empowerment Agency, suggesting that consumers need to be released from the burdens of consumer protection and civil rights enforcement. Congress established the CFPB and its statutory mission to address real flaws in the regulatory structure that favored the financial industry and failed to provide needed relief and enforcement against unlawful and unfair practices by financial firms. Congress should not subvert the CFPB's consumer protection to the interests of financial firms.

Congress should not establish a new inspector general for the CFPB: The CFPB is already uniquely accountable to congressional and interagency oversight and the draft CFPB-IG Reform Act legislation noticed by Rep. Dan Meuser (Penn.) is unnecessary and duplicative. There are already multiple mechanisms that provide accountability and transparency to the CFPB's operation. The CFPB is already accountable to the independent Inspector General for the Federal Reserve Board of Governors and to the Government Accountability Office. The GAO, both on its own behalf and in response to Congressional requests, has conducted oversight and audits of the CFPB on repeated occasions. Additionally, the CFPB must report to Congress twice a year, an obligation shared only with the Federal Reserve. As a practical matter, the effect of the proposed CFPB-IG proposals would be to undermine the CFPB's ability to carry out its mission and address additional, duplicative oversight demands even though the CFPB operates under more oversight than other financial regulators.

¹³ Government Accountability Office (GAO). "[Credit Cards: Fair Debt Collection Practices Act Could Better Reflect the Evolving Debt Collection Marketplace and Use of Technology.](#)" GAO 09-748. September 2009 at 31 to 32.

¹⁴ Kenney, Jeannine. Consumers Union. "[Financial Consumer Hotline Act of 2007: Providing Consumers with Easy Access to the Appropriate Banking Regulator.](#)" Testimony before the Subcommittee on Financial Institutions and Consumer Credit. House Committee on Financial Services. December 12, 2007.

¹⁵ GAO. "[OCC Consumer Assistance Process Is Similar to That of Other Regulators but Could be Improved by Enhanced Outreach.](#)" GAO 06-293. February 2006.

Congress should not impose duplicative, unnecessary hurdles to the CFPB pursuing its mission to protect consumers and enforce the law: Several of the pieces of legislation noticed for today’s hearing establish new burdensome, duplicative, and unnecessary hurdles for the CFPB that intentionally interfere with the ability of the Bureau to pursue its statutory mission to protect consumers and enforce the law. The CFPB already operates under more regulatory considerations than other agencies and has additional, specific requirements to issue proposed regulations. The pieces of noticed legislation (including the CFPB Dual Mandate and Economic Analysis Act H.R. 2183, the draft Transparency in CFPB Cost-Benefit Analysis Act offered by Rep. Barry Loudermilk (Ga.), the Making the CFPB Accountable to Small Business Act of 2025 H.R. 1606 offered by Rep. Scott Fitzgerald (Wis.), the Rectifying UDAAP Act H.R. 1652 and the Civil Investigative Demand Reform Act H.R. 1653, both offered by Rep. Barr, would establish additional barriers to prevent the CFPB from protecting consumers from unlawful, deceptive, and abusive practices and prevent the Bureau from rigorously enforcing consumer protection and civil rights statutes.

The CFPB already operates under all the federal statutes that govern federal agency rulemaking such as the Administrative Procedures Act (APA) and the Paperwork Reduction Act. The Dodd-Frank Act imposed specific additional requirements on the CFPB that exceed the requirements of other agencies. The CFPB is subject to the APA and must follow notice-and-comment procedures that take public comments into account and respond to comments during the promulgation of regulations.¹⁶ The CFPB has an additional requirement to review its regulatory impact on small businesses, a requirement that other banking regulators are not subject to.¹⁷ The CFPB is already required to make particular findings, including cost-benefit analysis, in order to exercise its authority to restrict or prohibit acts and practices as unfair, deceptive, or abusive.¹⁸ And unlike any other financial regulator, the CFPB’s regulatory actions can be vetoed by the Financial Stability Oversight Council.¹⁹ The proposed pieces of legislation are designed and intended to prevent the CFPB from protecting people from the excesses of the big banks, Big Tech, and predatory financial firms and give a green light to unlawful, unfair, abusive, and deceptive practices by the financial industry.

Congress should not add unnecessary barriers to the already limited but important CFPB work on insurance matters: The CFPB and all federal regulators already have extremely limited ability to monitor and supervise the insurance market or protect consumers under the McCarran-Ferguson Act, which exempts the insurance industry from most federal regulation including a partial exemption to antitrust enforcement. Homeowners and property owners already face surging premiums, increasing denials of renewals, widespread industry withdrawals, limited coverage, and increasing difficulty getting claims paid as climate-change driven natural disasters have increased in severity and frequency. The draft Business of Insurance Regulatory Reform Act of 2025 offered by Rep. Bryan Steil (Wis.) would not meaningfully change or reduce the actual federal oversight of the insurance industry. Currently, the CFPB conducts extremely minimal insurance-related work that is focused on consumer financial education.²⁰ The noticed draft legislation is unnecessary and does not impact the CFPB’s essentially non-existent oversight of the insurance industry but is solely intended to chill any regulatory efforts by any federal agency over the insurance industry, including consumer protection.

¹⁶ Dodd-Frank Wall Street Reform and Consumer Protection Act. [Pub. L. 111-203](#). July 21, 2010 at §1053.

¹⁷ *Ibid* at §1100G.

¹⁸ *Ibid* at §1031.

¹⁹ *Ibid* at §1031.

²⁰ CFPB. “[Learning about insurance.](#)” August 25, 2022.

Congress must vote against any legislation that would permanently undo the medical debt protections: The CFPB’s medical debt rule removes medical bills from most credit reports and will prohibit credit reporting companies from sharing this irrelevant, yet harmful information with lenders.²¹ Many medical debts are involuntary and unpredictable — even someone covered by health insurance can find themselves left with thousands of dollars’ worth of medical bills — and 15 million people in the United States are punished with lower credit scores and more expensive loans when medical debts either appear on their credit reports or are factored into any credit eligibility determinations. Studies repeatedly show that medical debt is not an accurate predictor of someone’s ability to repay a loan and should not be considered in credit eligibility determinations.²² In fact, people who had all medical debts completely removed from their credit reports experienced an average increase of 20 points on their credit score, enough in some cases to push them into a higher credit score tier and qualify for more access to credit and more affordable loans.²³

Congress must vote against any legislation that would permanently undo the overdraft fee rule, which will save families \$5 billion each year: The CFPB’s overdraft fee rule reduces most overdraft fees to \$5, while allowing safer, more transparent overdraft lines of credit with no price limit.²⁴ These savings amount to \$225 annually per household that pays overdraft fees, and addresses one of the most common reasons people become unbanked and underbanked. The rule simply increases transparency, so that covered banks and credit unions — the very largest institutions with over \$10 billion in assets — cannot dupe people into paying excessive fees. Banks can and do manipulate the order and timing of transactions to increase overdraft fees or even charge surprise overdrafts when customers have sufficient money in their accounts.²⁵ Most debit card overdrafts are for less than \$26 — far below the typical fee — and are repaid within 3 days, resulting in the equivalent of a 16,000 percent annual percentage rate (APR) loan, often for transactions consumers would rather have denied.²⁶

The rule would also help residents living in rural communities who often have extremely limited options for banking, as well as servicemembers and military families, 80 percent of whom use checking accounts.²⁷ Excessive overdraft fees are particularly harmful for junior enlisted service members, who are often young, less financially savvy, and struggling to make ends meet.²⁸ Curbing excessive overdraft fees will lessen financial challenges faced by financially vulnerable military families who report being unable to save money (51 percent of military families) and who are food insecure (14 percent of enlisted military families).²⁹ For these households, excessive overdraft fees

²¹ Consumer Financial Protection Bureau (CFPB). Final Rule. [Prohibition on Creditors and Consumer Reporting Agencies Concerning Medical Information \(Regulation V\)](#). Docket No. CFPB-2024-0023. January 7, 2025.

²² VantageScore. [“Impact of VantageScore Credit Scores Due to Changes in Medical Debt Collection Information Reporting.”](#) August 2022 at 4

²³ CFPB. [Report]. [“Early impacts of removing low-balance medical collections.”](#) May 16, 2024.

²⁴ CFPB. [Press release]. [“CFPB closes overdraft loophole to save Americans billions in fees.”](#) December 12, 2024.

²⁵ CFPB. [“Supervisory Highlights Junk Fees Special Edition.”](#) Issue 29. Winter 2023 at 3; CFPB. [Press release]. [“CFPB orders Navy Federal Credit Union to pay more than \\$95 million for illegal surprise overdraft fees.”](#) November 7, 2024.

²⁶ CFPB. [Fact sheet]. [“The CFPB’s proposed rule to curb excessive fees on overdraft loans by very large banks and close a decades old loophole.”](#) 2024.

²⁷ Armed Forces Bank. [Report]. [“Military Readiness Financial Readiness Report.”](#) May 2024.

²⁸ Marrone, James and Carter, Susan. CFPB. [“Financially Fit? Comparing the credit records of young servicemembers and civilians.”](#) July 2020.

²⁹ [Armed Forces Bank](#) (2024); Toropin, Konstantin. [“As US Troops and Families Go Hungry, They Don’t Trust the Pentagon for Help.”](#) Military.com. November 19, 2021.

can literally take food off the table for military families living paycheck to paycheck while dutifully serving their country.

Congress must vote against any legislation that would permanently undo the digital payments apps oversight rule which will protect people from scams and fraud: The CFPB’s larger participants rule provides supervisory oversight over Big Tech companies that provide digital payment or wallet services, including some of the biggest nonbank companies such as PayPal, Venmo, Cash App, Apple Wallet, and Elon Musk’s X-Money (once its activities meet the larger participants threshold).³⁰ This rule closes a loophole that permits non-bank payment app companies to operate without supervisory reviews, unlike bank app funds transfer services. Its provisions allow the CFPB to monitor payment app companies so that transactions are safe and that people receive remedies for errors and unauthorized charges. Banks that offer digital wallets and payment apps such as Zelle are already supervised,³¹ while a regulatory blind spot exists for nonbank digital payment apps such as PayPal and Venmo. Making sure all payment apps are properly supervised, whether owned by a bank or a nonbank will keep users safer from fraud and scams.

Voting to undo this rule permanently will leave millions of people who use digital payment apps vulnerable to fraud, unauthorized transactions, commodification of their sensitive personal information, and having their accounts deactivated or frozen, often without notice or explanation. Servicemembers, especially those overseas, are more likely to use payment apps and have been particularly harmed, based on skyrocketing complaints to the CFPB.³²

Congress must vote against any legislation that would repeal or weaken small business and farm lending transparency (Section 1071 of the Dodd-Frank Act): The CFPB’s final 1071 rule makes it possible to identify community development small business and farm capital needs, to improve transparency in small business and farm credit and lending markets, and to assess and enforce compliance with fair lending and anti-discrimination statutes. Small businesses and farms owned by women and people of color have faced historic and persistent inequitable access to financing and credit related to structural racial wealth inequality, patterns of disparate treatment and outcomes securing loans, and discrimination.³³ Collecting data helps make it easier to see otherwise missed patterns of discrimination in small business and farm credit markets — discrimination which ultimately disadvantages certain small businesses and farms, which results in a less competitive marketplace that hurts all small business owners and farmers and the communities they serve. This transparency in small business and farm credit markets not only promotes governmental fair lending enforcement but provides vital tools for community groups, local governments, and small business and farm advocates to assess the availability of credit necessary to promote community development, especially in lower-income areas and communities of color. Weakening Section 1071 will only hurt small businesses and farms, which are important engines for economic growth and household wealth building.

³⁰ CFPB. [Defining Larger Participants of a Market for General-Use Digital Consumer Payment Applications](#). 89 Fed. Reg. 237. December 10, 2024.

³¹ CFPB. [Press release]. “[Federal regulators fine Bank of America \\$225 million over botched disbursement of state unemployment benefits at height of pandemic](#).” July 14, 2022.

³² Marek, Lynne. “[US servicemembers ensnared by digital payment app scams](#).” Dive Brief. June 22, 2023.

³³ de Zeeuw, Mels G. and Victor E. da Motta. Federal Reserve Bank of San Francisco. “[Minority-owned enterprises and access to capital from Community Development Financial Institutions](#)” Community Development Innovation Review. May 19, 2021 at 6 to 7.

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The vehemence of the Wall Street bank, Big Tech, and predatory financial industry’s attacks on the CFPB are a testament to its effectiveness in successfully standing up for people and protecting them from abusive practices, deception, and junk fees. AFR urges this committee to support a strong CFPB with an independent director and a secure funding stream not beholden to political interests. The Bureau must be allowed to continue protecting people from scams, fraud, misconduct, and deceptive and predatory lending practices as they navigate through everyday financial life. People living paycheck to paycheck, those living in rural areas with fewer banking options, military families, and older individuals all benefit from and deserve a fair and transparent financial marketplace, made possible by meaningful enforcement and oversight. Businesses that operate responsibly and fairly also benefit from a stable marketplace made possible by meaningful enforcement and oversight. Undermining or weakening the CFPB would allow financial misconduct and predatory and deceptive lending practices to go unchecked, and with no measure of accountability, which will only harm the marketplace and contribute to its instability.

Congress must maintain a robust, independent, and fully funded CFPB as well as oppose any legislation that would permanently undo the already finalized rules that protect people from common mistreatment, junk fees, and fraud. We urge members to side with their constituents: families, older people, servicemembers, and their local small businesses and farms, and oppose any legislation that would permanently undo protections against junk fees, medical debt impacts on credit, fraud and scams on digital payment apps, and legislation that undermines the equitable access to small business and farm loan credit that is free from discrimination.